

Effect of Internet Financial Reporting on Stock Prices and Dividend Yield of Quoted Non-Financial Companies in Nigeria

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Abstract

The study examined the effect of internet financial reporting (IFR) on stock prices and dividend yield of quoted non-financial companies in Nigeria. The population of the study consisted fifty (50) non-financial companies listed in Nigerian Stock Exchange. Simple Random Sampling Techniques was adopted to choose a sample size of five companies used in the study. The study covers the period from 1995 to 2014. Secondary data was adopted for this study and it was extracted from the annual reports of the sampled companies. Data was analysed using Ordinary Least Square (OLS). Results revealed that Internet Financial Reporting has significant influence on stock prices ($p < 0.0005$) and dividend yield ($p < 0.0005$). This study concluded that internet reporting gives companies opportunity to assess investors and prospective investors who are widely dispersed across the globe and whose decision making in respect of investment in shares will affect the companies. The study also recommended that official regulation should be put in place and enforced to check fraudulent information disclosure that would deceive prospective investors; and punitive actions should also be taken against any erring company in order to protect investors' decision.

Keywords: Internet Financial Reporting, Financial Companies, Non-Financial Companies, Internet, Information, Investors

Introduction

In the time past, the process of financial reporting included the printing and mailing of annual reports and accounts to the shareholders which often delayed before reaching the destination and many times were lost in transit due to the inefficiency and ineffectiveness of the postal system. In the present dispensation, internet has effectively enhanced the manner in which amount of information is disseminated from companies to investors and creditors and vice versa. It has expanded the amount of the information available to interested parties, allowed the delivery of that information at no cost or very low cost, speedy delivery, increase frequency, quantity and relevancy of both financial and non-financial disclosure and ease of access information (FASB, 2000).

The evolvement of technological advancement coupled with the introduction of information and communication technology in the business environment have made the preparation of financial and non-financial information has transcended beyond traditional paper-based financial reporting to online reporting. At present, as the business environment is becoming more sophisticated and technologically-driven, publicly quoted companies have voluntarily embraced the presentation and posting of financial statements on the internet alongside with the paper-based financial reporting.

Several drivers prompt companies to adopt internet such as cost savings, disseminating information to a larger number of users and introducing new technologies for reporting (Munther and Salah, 2006). An internet disclosure was categorized into four major groups: accounting and financial information, corporate governance, corporate social responsibility (CSR), contact details of investors' relations and related convenience (Homayoun, Rahman and Bashiri, 2011). All these categories of information influence the investors' decision-making and invariably contribute to the growth and value of business and share prices in the stock market. Therefore, the internet reporting firms consciously or unconsciously consider the nature, type, content, quality, timeliness, relevance and accuracy of financial and non-financial information posted online as these determine very immensely the demand for and disposal of shares at a particular point in time. Invariably, such responses to the available information are likely to influence share prices.

This study is primarily meant to examine the economic consequences that the information disclosed on the internet by the reporting companies would have on their stock prices and dividend yield. That is, if the stock price and dividend of the reporting firms as a function of the financial and non-financial information made available to the existing and potential investors; this research would basically provide information on whether or not stock prices of internet financial reporting firms change more quickly than those of the non-internet financial reporting, that is, those firms that produce their annual reports and accounts mainly in traditional paper-based reporting.

Statement of problem

Despite all the awareness and compliance on the part of the publicly quoted non-financial companies in ensuring that adequate and sufficient financial and non-financial information are disclosed to all identified users of financial statements. There is still delay in getting the annual reports and accounts delivered to the stakeholders, and at times these paper-based annual reports and accounts get lost in transit due to the postal system's inefficiency and ineffectiveness. As a result of this, the stakeholders are deprived of the information that could assist them immensely on investment decisions. Not only this, companies' ability to seek further finance is jeopardized because, their information is not accessible.

Consequently, as a corrective measure, some reporting entities have taken it upon themselves to provide publication that will be available to all stakeholders and come up with the use of information and communication technology in providing online corporate reporting while others still make use of with the traditional paper-based financial reporting. This research therefore becomes necessary to provide the information on the effect that internet financial reporting has on stock prices and dividend yield of quoted non-financial companies in Nigeria in order to create awareness on the benefits of such reporting compared to traditional paper - based reporting.

Studies indicates that the rapid evolvement in computer and information technology has changed the way businesses are being conducted and the way financial information is being disseminated (Hashim, Alam and Siraji, 2010). To this end, Companies now adopt the use of internet because it is seen as a communication tool that could reduce distortion in communication channel and subsequently diminish the trade-off between reach and richness of information (Perera, Rahman and Cahna, 2003). Sriram and Laksmana (2006) asserted that there is no doubt that the internet has the ability to create a closer relationship between the companies and their stakeholders in which the stakeholders could obtain all necessary information for their decision-making purpose. Such stakeholders' decisions include whether to subscribe for more stocks in such reporting companies or to embark on divestment as a result of corporate information made available to stakeholders.

Agboola and Salawu (2012) investigated the determinants of Internet Financial Reporting and assert internet financial reporting include leverage, firm size, profitability, liquidity, ownership, age, type of auditor and internationality. Nevertheless, stock prices of publicly quoted companies anchor on those factors such as inflation, interest rate, market volatility, prices of other stocks, fiscal and monetary policies and a host of others.

Ashbaugh, Johnstone and Warfield (1999) in their own study gave the potential benefits that distinguish internet corporate reporting from other voluntary disclosure; whilst Munther et al (2006) enumerated the economic benefits of the internet financial reporting. Also, Lai, Lin, Li, and Wu, (2010) embarked upon an empirical study of the impact of internet financial reporting on stock prices of Taiwan. It is, therefore, considered imperative to replicate the study in a developing Nigerian economy by relating stock prices and dividend yield to the disclosure financial and non-financial information on the net.

Study Hypotheses

The research hypotheses of the study are formulated as ;

H₀₁: Internet Financial Reporting does not influence the stock prices of quoted non financial Companies.

H₀₂: Internet Financial Reporting does not have relationship with dividend yield of quoted non - financial companies.

Conceptual Clarification

Internet can be defined as a collection of computers, with connections worldwide for storing, sharing and routing various kinds of information. The word Internet is a contraction of **I**nternational and **N**ET work, it is called the NET. Financial Reporting is the process of producing statements that disclose an organization's financial status to management, investors and the government (Encarta Dictionary). The use of the internet enables information to be disseminated worldwide and thus facilitates the improved availability of financial information in particular, so encouraging investment.

The internet is seen as a tool that could reduce the distortion in communication channel and subsequently diminish the trade-off between reach and richness of information (Perera et al, 2003). The internet encourages companies to prepare their accounts that meet the expectations of various stakeholders without the need to prepare separate reports for each stakeholder. (Lodhia, Allam and Lymer, 2004). The internet has the ability to create a closer relationship between the companies and their stakeholders in which the stakeholders could obtain all necessary information for their decision making purposes (Sriram & Laksmana, 2006). Since, internet corporate reporting (ICR) is unregulated and voluntary, firms are free to determine contents and presentation of corporate information (Homayoun, Rahman & Bashis, 2011). Therefore, the level of ICR varies among countries as well as firms (Ashbaugh et al, 1999; Ettredge, Richardson & Scholz, 2012; Debrecency, Gray & Rahman, 2002).

The potential role of the internet as a new means of communicating information to the general public can meet stakeholders' demands for greater speed and volume of information, at a time when it is recognized that

business must find better and more effective ways of communicating (Willis, Teniere & Jones, 2006). The use of internet enables information to be disseminated worldwide this facilitates the improved availability of financial information in particular, so encouraging investment. Internet Financial Reporting (IFR) allows firms to communicate information to unidentified consumers, in contrast to the paper-based annual reports with additional financial and non-financial information in multiple formats to a wider audience and it has imperatively attracted much research attention in recent years (Agboola et al, 2012).

Ashbaugh et al (1999) identified the potential benefits that distinguished internet corporate reporting from other voluntary disclosure practices as reduction in distribution cost of the company's information; an extensive channel by which a company can reach previously unidentifiable consumers; helps supplement the company's traditional means of information; potentially allows companies to increase their financial disclosure if the companies disclose disaggregated and incremental financial data on their websites (e.g. weekly vs quarterly sales); facilitates the dissemination of companies financial disclosure and it can be retrieved and analyzed by diverse decision makers.

Theoretical Framework

The need to anchor the concepts of Internet Financial Reporting and corporate performance within the review of certain theories cannot be over emphasized. This study adopted the theory of efficient market

The theory of efficient markets would predict that if markets are efficient then, in equilibrium, stock prices only respond when useful information is entering the market (Beaver 1968, Ball and Brown 1968). A generally accepted theory with regard to the characteristics of useful information is that information, if useful, must be relevant to the decision to be made and that the information must be provided timely to be relevant to decision – makers (FASB 1980, 2000). In the investment market, a piece of useful information would normally cause investors to take actions that will lead to redistribution of the investment rewards and so, it will topple and reset the equilibrium of the market (Lai et al 2010). Beaver (1968), using this concept of information usefulness, theorized that if the information of a firm's profit announcement could lead to change of the firm's stock price, it then, has the information content, signaling useful information to investors. Moreover, information must be timely to be relevant, and consequently, timeliness is a necessary dimension of useful information (Lai et al 2010).

Meanwhile, qualitative characteristics of accounting information according to Khan (2006) and (IFRS 2010) include understandability, relevance, materiality, timeliness, reliability, completeness and comparability. What, then, is considered timely on the investment market? (Lai et al 2010) Beaver (1968) defined timely in terms of two elements, reporting delay and reporting interval; Lai et al (2010) reiterated the fact that the shorter the delay and the interval, the timelier is the information.

Empirical Review

Lai et al (2010) in their study examined the economic consequences of internet financial reporting (IFR) in Taiwan. Their main aim was to ascertain association between the stock prices and full online financial disclosure compared with those non-internet financial reporting firms. Also, endeavored to operate the return of the firms with IFR; whether it would be significantly higher than those firms without IFR.

After the statistical voyage, the scholars concluded that the greater the information transparency by a firm through financial disclosure, the higher the impact would be on the stock prices of a firm in Taiwan, thus implying that there is relationship between stock prices and internet reporting. However, they cautioned that their results might not be representative of the economics in other parts of the world without similar industrial structure. The concluding caution was a great avenue for a further research.

Agboola et al (2012) researched into determinants of internet financial reporting using empirical evidence from Nigeria. The methodology concentrated much on the secondary data which were sourced from the annual reports and accounts of seventy-seven (77) firms. The websites of the sampled companies were browsed for collecting data relating to financial reporting on the internet (Agboola et al, 2012). Two major factors that are influencing IFR in Nigerian were revealed, the size of the firms was positively and significantly correlated to the IFR practice. Similarly, type of auditor was positive and significant for all the firms. Meanwhile, Agboola et al (2012) concluded and enumerated the determinants of IFR as leverage, firm size, profitability, liquidity, ownership, age, type of auditor and internationality.

In line with the major problems confronting companies in Nigeria is the increase in cost associated with printing of hardcopies of annual reports. The number of shareholders has been on the increase and each of them is entitled to a copy of annual financial report. This has increased the expenses of each company which in turn has negative impact on the profits (indicator of firms' performance). Internet information dissemination cost is cheaper than the cost associated with printed based annual report. Munther and Salah (2006) argued that printing and mailing is costlier than e-report, therefore, firms adopting internet financial reporting can save this cost.

Adegboye (2014), examined the internet financial reporting by the quoted companies and affirm that

Internet provides a wide information (non-financial information and qualitative information), non-audited information, social and environmental information, up-to-date information about company new events, press releases, up-to-date information about the firm products and services which is costly to present in hard copy.

The previous researchers on the study examined the internet reporting from different context giving a different conclusion but however, unanimously agreed that Internet Financial Reporting aids effective communication among other things to various stakeholders. In furtherance of this, the study aims at providing evidences as to the applicability of the finding of these studies to non - financial companies.

Methodology

The population of this study consisted of all companies that have websites and report financial information. These companies were fifty in number as at 2016 (NSE Bulletin, 2014). Simple Random Sampling Technique was adopted to select five (5) companies (Unilever PLC, Guinness PLC, United African Company of Nigeria, GlaxoSmithKline PLC and Mobil Oil). Secondary data was adopted for this study. The data was gotten through annual reports of the selected companies gotten from the internet. Data obtained was analysed using Ordinary Least Square (OLS).

Result and Discussion

Profile of the Five Selected Quoted Non- Financial Companies Stock Price in Nigeria between 1995 and 2014

Table 1: Stock Prices of Five (5) Selected Companies From 1995-2014

UNILEVER			GUINNESS		UACN		GSK		Mobil OIL	
YEARS	Stock Price	% Change	Stock Price	% Change	Stock Price	% Change	Stock Price	% Change	Stock Price	% Change
	N		N		N		N		N	
1995	9.72	0	12.97	0	10.08	0	0	0	27.48	0
1996	20.00	105.8	8.15	-37.2	7.40	-26.6	0	0	49.70	80.9
1997	11.50	-42.5	7.60	-6.7	10.50	41.9	3.95	0	0.00	-100.0
1998	7.00	-39.1	11.50	51.3	6.70	-36.2	2.86	-27.6	55.00	0.0
1999	6.92	-1.1	19.90	73.0	3.05	-54.5	1.93	-32.5	49.59	-9.8
2000	18.40	165.9	29.00	45.7	3.09	1.3	3.32	72.0	60.53	22.1
2001	27.17	47.7	33.60	15.9	3.60	16.5	2.05	-38.3	63.20	4.4
2002	15.40	-43.3	45.42	35.2	4.12	14.4	3.19	55.6	61.10	-3.3
2003	18.50	20.1	81.50	79.4	10.10	145.1	8.39	163.0	141.00	130.8
2004	13.78	-25.5	107.20	31.5	14.70	45.5	8.00	-4.6	165.00	17.0
2005	20.51	48.8	96.00	-10.4	16.97	15.4	10.95	36.9	150.00	-9.1
2006	12.58	-38.7	107.99	12.5	26.45	55.9	17.10	56.2	178.87	19.2
2007	20.81	65.4	129.00	19.5	51.01	92.9	23.62	38.1	186.15	4.1
2008	9.90	-52.4	99.58	-22.8	35.30	-30.8	15.45	-34.6	331.19	77.9
2009	19.01	92.0	127.50	28.0	36.50	3.4	22.40	45.0	98.80	-70.2
2010	25.94	36.5	170.00	33.3	30.01	-17.8	23.00	2.7	109.25	10.6
2011	27.00	4.1	190.56	12.1	34.50	15.0	26.60	15.7	118.60	8.6
2012	48.50	79.6	234.90	23.3	38.00	10.1	45.10	69.5	133.91	12.9
2013	53.80	10.9	245.00	4.3	42.00	10.5	50.00	10.9	141.00	5.3
2014	58.09	8.0	272.12	11.1	67.00	59.5	68.00	36.0	158.00	12.1

Source: Nigerian Tribunes' Library. (Newspapers Archive)

Red Flag represents Pre Internet Financial Reporting Period, i.e. 1995 to 2008
Green Flag represents Internet Financial Reporting Period i.e. 2009 to 2014

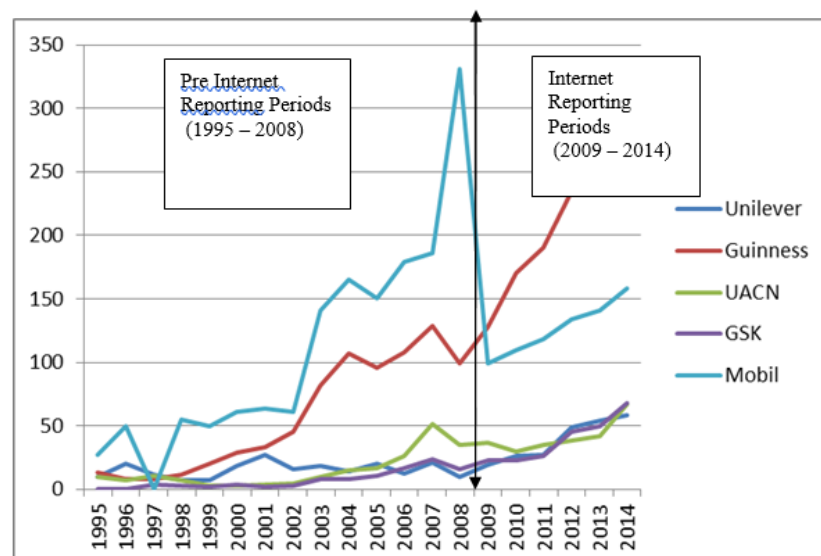


Figure 4.5 Graphical Representation of the performance of the companies for Internet and Non – Internet Financial Reporting Periods.

Source: Author's Field Survey (2015)

Analysis of the five (5) selected companies stock Prices for Pre-Internet Financial Reporting and Internet Reporting Periods as reported by Table 1.

i) Unilever Plc.

The stock price of Unilever Plc. rose from N9.72 in 1995 to N20.00 in 1996; this shows an increase percentage of 105.8%. It fell to N11.50 in 1997, a decrease of 42.5%. The downward trend continued at a decreasing rate to 1999 when the stock value was N6.92 a decrease of 1.1% from that of 1998. However, in 2000, the price rose sharply to N18.40, a phenomenal increase of 165.9% but rose by 47.7% to N27.17 in 2001. Thereafter, there was a regular pattern of increase and decrease in value every other year up to 2009, the beginning of the Internet reporting period when the price increased by 92% from N9.90 in 2005 to N19.01.

A significant finding is that there was continued annual increase in stock prices from the Internet Reporting year 2009 to 2014 although the pattern was zigzag due to the forces of competition between the Unilever products and other like - companies' products. The price increased by 36.5% in 2010 then by 4.1% in 2011 followed by 79.6% in 2012 and 10.9% and 8% in 2013 and 2014 respectively.

Overall, the average percentage (%) increase over the non – internet period of fifteen (15) years was 21.6% while it was 23% for the five years before internet reporting and 27.8% for the five years of internet reporting. For this company internet reporting has caused the stock prices to increase faster than before internet reporting.

ii) Guinness Plc.

The stock price of Guinness Plc. fell from N12.97 in 1995 to N8.15 in 1996 and N7.60 in 1997; this shows a decrease percentage of 37.2% and 6.7% in 1996 and 1997 respectively. The stock value increased to N11.50 in 1998 and continued to increase gradually up to 2002 when the value was N45.42 and rose phenomenally by 79.4% to N81.50 in 2003 but increased by 31.5% to N107.20 in 2004; in the following year, 2005, it decreased by 10.4% to N96.00; thereafter, it increased gradually to N129.00 in 2007 followed by a 22.8% decrease to N99.58 in 2008.

The non – internet period ended with a 28% increase in stock value to N127.50. during the internet reporting period, the share value shows continuous increase up to 2014.

Overall, the average percentage (%) increase over the non – internet period of fifteen (15) years was 21% while it was 5.35% for the five years before internet reporting and 16.81% for the five years of internet reporting. This also shows that internet reporting caused the stock price to increase faster.

iii) United African Company of Nigeria (UACN) Plc.

The stock price of UACN Plc. for the five (5) years 1995 to 1999 showed a declining trend except in 1997 when it rose by 41.9% to N10.50. The share value fell by 26.6% in 1996, 36.2% in 1998 and 54.5% in 1999. However, it rose by a meager 1.3% from N3.05 in 1999 to N3.09 in 2000. It continued to increase up to 2007 with an exceptional increase of 145% in 2003 from N4.12 in the previous year to N10.40. however, just before internet reporting started in 2009, its stock value decreased by 30.8% from N51.01 in 2007 to N35.3 in 2008. It increased by 3.4% to N36.50 to start the non – internet reporting period in 2009. Unlike Unilever, Guinness and GSK; it started the internet reporting period with a meager 3.4% increase in share value; the following year, it recorded a negative 18% decrease in share value but thereafter, it exhibits continuous increase in value up to 2014.

Overall, the average percentage (%) increase in the non – internet period of fifteen (15) years was 19% while it was 27.4% for the five years before internet reporting and 15.5% for the five years of internet reporting. When the average percentage increase of 27.4% in the five years before the internet reporting period is compared with the average increase of 16% in the 5 years of internet reporting period it can be concluded that internet does not cause the stock price of UACN to increase faster than non-internet reporting periods. In fact, it increased less than before the five years preceding the Internet Reporting Periods.

iv) GlaxoSmithKline (GSK) Plc.

The stock price of *GlaxoSmithKline (GSK) Plc.* fell from N3.95 in 1997 to N2.86 and N1.93 in 1998 and 1999; this shows a decrease of 27.6% and 32.5% respectively. The stock price rose to N3.32 this shows an increase of 72% and later fell to N2.05 in 2001, a decrease of 38.3%. The stock price rose to N3.19 in 2002 and resulted in an increase of 55.6%.

In 2003, the price rose sharply to N8.39, a phenomenal increase of 163% and the stock value fell to N8.00 a decrease of 4.6%. The stock price rose from N10.95, N17.10 and N23.62 which depict increase of 36.9%, 56.2% and 38.1% in 2005, 2006 and 2007 respectively. The price also fell to N15.45 in 2008 a decrease of 34.6%.

A significant finding is that there was continued annual increase in stock prices from the Internet Reporting year 2009 to 2011 and rapidly increases from 2012 to 2014. The price increased by 45% in 2009 then by 2.7% in 2010 followed by 15.7% in 2011 with a faster increase of 69.5% in 2012 and later to 10.9% and 36% in 2013 and 2014 respectively.

Overall, the average percentage (%) increase over the non – internet period of fifteen (15) years was 21.95% while it was 28.32% for the five years before internet reporting and 26.96% for the five years of internet reporting. The result shows that the internet reporting caused the stock prices to increase faster though the increase was not as high as that of the five years before the internet period which was 28.32 but it was higher than that of the fifteen years of 21.95%.

v) Mobil Oil Plc.

The stock price of Mobil Oil Plc. rose from N27.48 in 1995 to N49.70 in 1996; this shows an increase of 81%. Surprisingly, according to the record, the share had no value in 1997; however, it was valued at N55 in 1998 and decreased by about 10% to N49.60 in 1999.

The stock price rose to N60.53 and N63.20 in 2000 and 2001 an increase of 22% and 4.4% respectively. The price then fell to N61.10 a decrease of 3.3% in 2002, but rose sharply to N141 and N165 in 2003 and 2004, an increase of 130.8% and 17% respectively. However, it fell to N150 in 2005 with a decrease of 9%, but rose to N179 in 2006 an increase of 19%. However, it increased by a meager 4% to N186 in 2007, but rose phenomenously by 78% to N331.19 in 2008 the end of the non - internet reporting period. Unlike the other four companies, it started the internet reporting period with a very significant 70% decrease in the share value to N99. Thereafter, the stock value continued to increase over the internet reporting period but at a decreasing rate every other year

Overall, the average percentage (%) increase over the non – internet period of fifteen (15) years was 10.9% while it was 4.4% for the five years before internet reporting and 10.2% for the five years of internet reporting. This shows a decrease of 0.7% in the internet reporting periods but a very significant increase of 5.8% over the five years before internet reporting. It can be concluded that internet reporting caused the company's stock prices to grow faster.

Table 2. Average Percentage Increase in Stock Price Before and During Internet Financial Reporting (IFR)

	Unilever	Guinness	UACN	GSK	Mobil Oil
15 Years Before IFR	21.6%	21%	19%	22%	11%
5 Years Before IFR	23%	5.4%	27.4%	28.3%	4.4%
5 Years After IFR	28%	17%	16%	27%	10%

Table 4.18 above is the summary of average percentage increase in the stock prices of the five companies before and after the internet financial reporting.

If the five year average before internet reporting periods were compared with those of the five years of internet reporting periods, it can be seen that Unilever, Guinness and Mobil Oil show increase in their average stock prices which could make one conclude that IFR caused faster increase in stock prices. However, UACN show very significant decrease of over 15% on average while GSK could be said to remain stable.

Since the average for the five years before the IFR are included in those of the 15 years before IFR a comparison of the average of 15 years before IFR and 5 years of IFR will show the trend of the averages.

For Unilever, the average percentage increase in stock prices (21.6%) in the 15 years before IFR is lower than that of 5 years (23%) before IFR. Therefore, it was the latter that pushed the 15 years average to 21.6%. The average for the 5 years of IFR is 28% which is indicative of continuous and faster increase caused by IFR.

In the case of Guinness, the 5 years average before IFR (5.4%) appear to have depressed the 15 years

average to 21% whilst the 5 years of IFR (17%) is lower than that of 15 years. This is not indicative of overall faster growth as the comparison between 5 years before IFR and 5 years of IFR suggested.

UACN's average for 5 years before IFR (27.4%) appeared to have pushed the 15 year average to 19%. Comparison of this with that of 16% in the 5 years of IFR is indicative of downward trend and negative impact of IFR on its stock prices.

GSK's 28.3% in the five years before IFR appear to have pushed that of 15 years average to 22%. If this were compared with that of five years of IFR (27%) it is suggestive of faster increase in stock prices as opposed to the stable position suggested by comparison of 5 years before and 5 years after internet reporting.

The case of Mobil Oil is like that of Guinness. The average for 5 years before IFR (4.4%) certainly depressed that of the 15 years before to 11%. If this were compared with that of 5 years after IFR (10%) it is not suggestive of faster overall growth.

The analysis shows that while a comparison of the five years before and five years of IFR indicate faster growth of stock prices in three companies (Unilever, Guinness and Mobil Oil) after IFR, one company (GSK) showed a stable position while the remaining one (UACN) showed negative increase. A comparison of 15 years before IFR and 5 years after indicate faster growth in only two companies (Unilever and GSK). Only Unilever showed a continuous increase in its stock prices with that of IFR being faster than pre – Internet Financial Reporting.

The conclusion from the foregoing analysis is that there is no sufficient evidence to conclude that internet reporting causes share values to increase faster. More information is required about internet reporting period which is yet in its infancy – less than a decade in the study companies.

Test of Hypothesis One

H₀₁: Internet Financial Reporting does not influence the stock prices of quoted non financial Companies.

Table 1. Ordinary Least Square (OLS) For Hypothesis 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.36E+08	25261654	5.379425	0.0001
Stock prices	-0.712873	0.360369	-1.978174	0.0004
R-squared	0.866046	Mean dependent var		95122099
Adjusted R-squared	0.721394	S.D. dependent var		42938803
S.E. of regression	32661888	Akaike info criterion		37.73049
Sum squared residue	3.20E+15	Schwarz criterion		37.57427
Log likelihood	-92.32623	Hannan-Quinn criter.		37.31120
F-statistic	3.913171	Durbin-Watson stat		2.394535
Prob. (F-statistic)	0.000000			

Source: Author's Computation, 2017

Interpretation and Discussion of result of test of hypothesis one

The table above presents the result of the test statistics computed for the null hypothesis one. From the table, the p-value of the F-statistics for testing the significance of overall influence of internet financial reporting on stock prices of 0.00000 is less than the critical value of 5%. This means that the null hypothesis which states that Internet Financial Reporting does not influence the stock prices of quoted non-financial Companies is rejected. It can be inferred that Internet Financial Reporting influences the stock prices of quoted non financial Companies. The use of internet financial reporting can influence the stock price direction of the quoted non-financial companies. In fact, internet financial reporting is a signal to how stock prices will react in relation to the announcement. Unfavourable internet financial reporting can affect the stock prices of companies and vice-versa. Internet financial reporting can be used by prospective shareholders to identify the viability or stability of companies in relation to the announce performance indices.

More so, in the table, the p-value of stock price of 0.0004 is less than the critical value of 5%. This implies that the null hypothesis which states that internet financial reporting is not significance on stock price will be rejected. It can be asserted that the type of announcement coming out from internet financial reporting can influence the stock prices of the selected companies. in addition, the regression coefficient obtains for internet financial reporting of 1.36E+ shows an existence a positive relationship. This implies that a unit increase in internet financial reporting will lead to a more that a unit effect on stock prices reaction. Moreover, the coefficient of determination obtains for the test of 0.8660 reveals the fact that 86.60% of stock prices reaction in the selected companies is due to internet financial reporting, hence, internet financial reporting is a good

predictor variable for stock prices.

Also, the Durbin- Watson statistics obtains of 2.39 indicates a minimal autocorrelation between the variable of the study. The standard error of estimate deduced for stock prices indicate an evidence of relatively small error which implies that stock prices is a good explained variable for internet financial reporting.

Effect of Internet Financial Reporting on the Companies' Dividend Yield

The five company's dividend yields for both pre internet and internet reporting periods are tabulated in Table 4.19.

Dividend Yields during Pre Internet Financial Reporting Periods (1995 – 2008)

The dividend yields have been fluctuating between 1995 and 2008 which were a period of non - Internet Financial Reporting as shown in graphical representations Figure 4.6 where all the companies' yield represented by bar charts kept fluctuating, Unilever Plc.'s represented in colour deep blue, only rose in years, 2004 and 2008 which was two (2) years out of the fourteen (14) years of pre internet financial reporting periods and the dividend yield dwindled between the pre – internet periods.

Guinness Plc. was represented in red colour, it only picked in 1997, and kept fluctuating for the remaining thirteen years under review.

UACN Plc. was represented with colour lemon and the companys' dividend yield picked between years 2000 and 2004 even though it also fluctuated while the remaining nine (9) years did not pick at all.

Glaxosmithkline (GSK) Plc. was represented with colour purple and only rose from years 2000 to 2001 while the remaining periods of eleven (11) years were fluctuating; while Mobil Oil Plc. was represented in colour light blue and it picked in years 1997, 2000 and 2002 which were three (3) years out of the fourteen (14) years under review.

Dividend Yields during Internet Financial Reporting Periods (2009 – 2014)

The companies' dividend yields in Nigeria were better generally between 2009 and 2014 which were periods of Internet Financial Reporting; as shown in graphical representations Figure 4.7 where all the computed companies' dividend yield represented by bar charts kept increasing compared with that of the Pre Internet Reporting Period represented in Figure 4.6, Unilever Plc., was represented in colour deep blue, the dividend per share and market value per share increased throughout the six years under review which was an improvement over that of the fourteen (14) years previously reviewed.

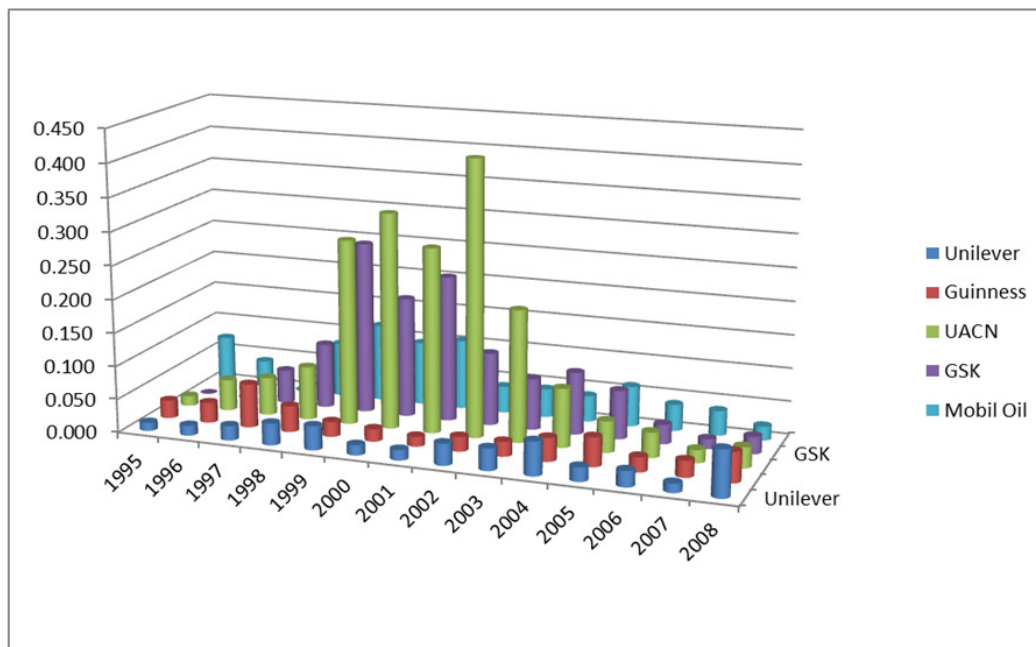


Figure 4.6 Graphical representation of movement of dividend yield for pre- Internet Financial Reporting Periods for 1995 – 2008.

Source: Author's Field Survey (2015)

Test of hypothesis Two

H₀₂: Internet Financial Reporting does not have relationship with the dividend yield of quoted non-financial companies.

Table 2. Ordinary Least Square (OLS) For Hypothesis 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	71549742	1.22E+08	0.585272	0.5995
Dividend Yield	-0.109357	1.191725	-0.091764	0.0003
R-squared	0.922714	Mean dependent var.		61147485
Adjusted R-squared	0.589122	S.D. dependent var.		48755488
S.E. of regression	1.02E+08	Akaike info criterion		40.01472
Sum squared residue	3.14E+16	Schwarz criterion		39.85850
Log likelihood	-98.03681	Hannan-Quinn criter.		39.59543
F-statistic	0.008421	Durbin-Watson stat		3.431121
Prob (F-statistic)	0.000000			

Source: Author's Computation, 2017

Interpretation of test of hypothesis two

The table above presents the results of the test statistics obtain for the test of hypothesis two From the table, the p-value of the F-test calculated of 0.0000 is less than the critical value of 5%, this implies that the null hypothesis which states that Internet Financial Reporting does not have relationship with the dividend yield of quoted non-financial companies is rejected. This indicates that Internet Financial Reporting has relationship with the dividend yield of quoted non-financial companies. The internet financial report and dividend yield of the selected companies are related. The internet financial report can influence the amount of dividend declared as to be paid to shareholders of the organization. An unfavorable internet financial reporting can seriously affect the attractiveness of the companies' to client which can consequently lower the expected profit of the companies needed to be declared as dividend after deducting compulsory operating expenses. The amount of dividend declared at the selected non-financial quoted companies can be seriously eroded through internet financial reporting that is not favourable to clients' expectation of the companies in terms of profitability performance. Consequently, the decrease in clients' patronage can affect not only the sales of the non-financial quoted companies but also their profitability needed for dividend declaration.

Moreover, from the table, the p-value of the t-statistics compute of 0.0003 reveals the fact that Internet Financial Reporting is significance on dividend yield of quoted non-financial companies since the value is less than the critical value of 5%. Also, the regression coefficient obtains for dividend yield of -0.11 indicates the fact that there is a negative correlation between dividend yield and internet financial reporting. This further means that the higher the favourable internet financial reporting the higher will be the fall in dividend yield at the selected companies. Also, the coefficient of determination (R^2) obtains of 0.9227 implies that 92.27% of dividend yield is as a result of internet financial reporting at the selected non-financial quoted companies, hence internet financial reporting is a good output variable for dividend yield of the selected companies. In addition, the Durbin-Watson statistics obtains of 3.43 indicates the existence of a very minimal auto correlation between dividend yield and internet financial reporting.

Summary, Conclusion and Recommendations

The study examined the effect of IFR and stock prices and dividend yield in non-financial companies. Five non-financial companies was chosen at random. Secondary data was extracted from the annual report of the sampled companies. Data was analysed using OLS. Findings revealed that Internet Financial Reporting have a significant effect on stock prices and dividend yield in non-financial companies.

Moreover, the information disclosed on the internet that influenced stock prices include basic profile of firms such as history business cultures, operation policies and strategies etc.; news on industry information such as product and operational items, operation objective, industry analysis, quarterly, semi-annual financial reports and directors' annual report and information on stock prices and dividend policies. The study revealed that there is a significant relationship between IFR and stock price and dividend yield.

The study concludes that more information is required to enable analyst or researchers to evaluate the impact of internet financial reporting on a company's stock prices and its dividend policy. However, internet reporting is yet at its infancy stage in Nigeria – less than a decade. The situation may change when data are available for more years of internet reporting.

There is no doubt that internet reporting gives opportunity for companies to assess investors and prospective investors who are widely dispersed across the globe and whose decision making in respect of investment in shares will affect the values of those shares. Furthermore, internet reporting is less expensive than paper-based

reporting. The fact that internet reporting is still in its infancy in Nigeria; it is hoped that in the future, more data will be available to do further research into the effect of the internet reporting on companies performance.

The study recommends the followings;

- i. Official regulations should be put in place and enforce to check fraudulent information disclosed that could deceive prospective investors; and punitive actions should be taken against any erring company.
- ii. Shareholders should be educated at Annual General Meetings by the Company Directors about the introduction and usefulness of internet financial reporting.
- iii. Professional accounting bodies in Nigeria should incorporate Internet Financial Reporting through the International Financial Reporting Standard into the Accounting Standard and Regulatory framework.
- iv. Firms should endeavor to have their own website in order to influence current investors and prospective investors as well as customers and suppliers to partner with them.

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